

SD EX 125: M 562/10

Copy 1

STATE DOCUMENTS
COLLECTION

BIENNIAL MESSAGE

OF

Governor Samuel H. Elrod

TO THE

Tenth Legislative Session

State of South Dakota

1907
STATE PUBLISHING CO.,
PIERRE, S. D.

South Dakota State Library
322 So. Fort.
Pierre, S. D. 57501

BIENNIAL MESSAGE

OF

Governor Samuel H. Elrod

TO THE

Tenth Legislative Session

State of South Dakota

1907
STATE PUBLISHING CO.,
PIERRE, S. D.

BIENNIAL MESSAGE

To the Senators and Representatives and to the People of the State of South Dakota

It is the duty of the Governor to lay before the legislature the condition of the affairs of the state and to submit recommendations. The people are entitled to a clean business-like administration. This they have had for the past ten years. A dual obligation rests upon each of you ; loyalty to your constituents, conservatism for the entire people of the state.

South Dakota, all things taken into consideration, is the best state in the Union. Year after year she shows the greatest net cash returns from her plains, fields and mines. It is a fact that the administration of the affairs of South Dakota costs less, per capita, than any other state in the Union. If we want the state to keep on developing, we must have more people and more capital. It will not do to let the state stand still. Two things are essential to assure her going forward, immigration and capital. On this point the Daily Dakotan of this city recently had the following to say:

"Population and capital, obeying an elementary law, flow to the point of least resistance. That point today, as it has been for years, is the state of South Dakota and a steady adherence to the wise policy of the past assures the state wonderful development within the immediate future.

I beg of you, pass no law that will make it necessary to increase taxes, rather set an example that will lead to tax reduction. Create no new offices unless absolutely needed; they will be a drain upon the treasury which the tax payers ought not to be called upon to supply. We must keep the state progressive but at the same time we must administer her affairs with a scrupulous regard for strictest economy. Conservative administration protects capital and insures work for the laborer.

GROWTH AND DEVELOPMENT OF STATE

This state has had a wonderful growth during the past six years. Improvements have been made on every hand and in all parts of the state. Villages, towns and cities have grown. Many people have come into the state and thousands of new homes and farms have been opened. The pioneer's sod house and hay barn of the early days have given way to comfortable and elegant homes, and large red barns filled with fine sleek stock, and the granaries all over the state are filled to overflowing. There is not an idle man or woman in the state and our people are contented and happy. Under the policies that have prevailed, taxes have gradually grown lower and they will continue to grow lower if this legislature and succeeding legislatures are economical, conservative and wise.

Taxes have become lower notwithstanding we have been building schools and colleges for our children; asylums for the unfortunate and providing, buildings etc., at the penitentiary so as to furnish work for those who refuse to obey our laws.

I maintain there is no room for fault finding in South Dakota and I beg of you not to listen to, nor heed the tale of woe of any man. Do your work fearlessly, honestly and economically. Do not vote a single dollar in the way of appropriations that is not needed. Above all things keep the appropriations within the revenues of the state. Do nothing that will retard the growth and the development of the state. Keep in mind that we have just begun to grow.

During the past two years no less than five new railroad companies have been incorporated under the laws of this state, as follows, to-wit: White River Valley Railway Company from Deadwood to Chamberlain, South Dakota, two hundred fifty miles; Pierre, Rapid City & North Western Railway Company from Pierre to Rapid City, one hundred sixty-five miles; Minnesota, Dakota & Pacific Railway Company from Watertown to Conde, Aberdeen and Leola and from Conde to LeBeau on the Missouri River, two hundred thirty miles; Chicago, Milwaukee & St. Paul Railway Company of South Dakota from a point near Mobridge into Butte county thence in a northwesterly direction one hundred seventy-five miles.

These new companies are creatures of the state of South Dakota and their success is largely in your hands. The people of this state have waited long and sorely need the roads. You can encourage railroad building or you can discourage it. Nothing should be done that would retard the completion of the lines mentioned and other new lines that are about to be built. In passing laws for the governing of railroads, be careful and just. Treat the railroads fairly and require them in return to treat the people fairly. Keep in mind that conditions are new in this state as compared with the states to the east of us.

One or more of the lines above mentioned will be trans-continental and it means much to the state. It will be a most novel thing for South Dakotans of this (lay and generation to see the great Missouri river, which divides our state, spanned by three or four great steel bridges connecting the new country to the west of the river with the older settled parts of the state.

RAILWAY PASSES

Public opinion demands that railway passes should not be used by officials. It is my judgment that you should promptly prohibit the acceptance of passes by all state, county and municipal officials.

Railroad employes and their families are entitled to free transportation, they are in fact a very necessary part of the company which employs them. They are constantly performing a service for the company and for the public that can not-be adequately paid for in dollars. It would not be right for you to prohibit such transportation. It would be unjust. No farmer, if he were going into town with his team, would think of charging his faithful hired man for a ride if he was off duty for a limited time. The highest function you can accomplish is equity. It is a square deal between man and man that we should be striving for.

The newspapers of the state have done and are doing a great work in singing the praises of the state. With few exceptions they are optimistic. They are daily, weekly and yearly doing a work for the people and for the development of the state that cannot be paid for with money. It seems to me that it would be unwise for the legislature to enact any law that would prevent the newspapers

of this state receiving what is commonly known as newspaper mileage from the railroads for advertising. It is entirely immaterial what a man is paid with for his services. In the olden times, when money was scarce, it was the custom, when the contract was made, to stipulate what the payment was to be made with.

It has been the custom for many years for railroads to issue transportation to real-estate men on certain conditions. Their work has been a benefit to all concerned, most of all to the people who have located through them in our state. We have room for thousands. The state needs the services of these boosters. It is right and proper that all who receive a benefit should pay for the same. If the railroads are willing to pay for such services with mileage there can be nothing illegal in such an agreement.

IMMIGRATION COMMISSIONER.

The state needs an Immigration Commissioner. People from all parts of the country are constantly writing the Executive and other officers for maps and for official statistics etc. of the state. The requests became so frequent that I had Mr. Doane Robinson, Secretary of the Department of History, compile some of the facts from his annual reviews of the state and have been sending them far and near.

There is a great demand for something official concerning the advantages the state has to offer. Mr. Robinson's annual review is constantly being called for.

I think the act creating such an office should require the commissioner to be especially careful not to send out inflammatory and exaggerated reports. The facts are good, enough.

PRIMARY ELECTION

It is immaterial what my personal views are or what your individual views are as to the advisability of the enactment of a primary election law. It has always been a rule of mine to abide by the majority. The majority of our people, so far as expressed, want a primary election law and I advise that you enact such law with an emergency clause attached.

If it was a mistake, as argued by some, not to have submitted the primary petition which was presented to the legislature two

years ago, you can correct the mistake by speedily and promptly passing a primary election law and no time will have been lost. Perhaps, after all, nothing has been lost by the delay in the passing of such a law in this state. We have had the opportunity of watching the working of primary election laws in other states; especially Minnesota, Wisconsin, and Illinois. The legislature of Illinois undertook and did speedily pass such a law and it was signed by the Governor. It has been demonstrated that they acted too hastily, for no sooner had the law been enacted than it was taken to the supreme court and decided unconstitutional and the state was put to the very great expense of calling and holding a special session of the legislature. At that special session the primary law which was so speedily put through was amended and the law, as amended, is worthy of the most careful consideration in the premises.

OUR COMMON SCHOOLS

The report of Professor M. M. Ramer, State Superintendent of Public Instruction, is a very full and complete review of the work accomplished in our schools during the biennial period. It is instructive and interesting from beginning to end and is worthy of a most careful examination.

It is a wonder to me that our schools are so efficient when we take into consideration that the average wages paid male teachers in 1906 was but \$42.12 and female teachers but \$38.01. We are undoubtedly increasing the standard of our teachers but are not increasing their pay as we should. Under present conditions, just as soon as a teacher can find some other employment he, or she, quits school work. Low wages make it necessary to employ inexperienced teachers. On account of the low wages paid, many of our schools were closed as late as the first of November for want of teachers. Such conditions are not in harmony with the spirit that

prevails in South Dakota. Increase wages and the quality and quantity of teachers will improve.

Our schools turned out 855 eighth grade graduates in 1903; 948, in 1904; 1,632, in 1905 and 2,282 in 1906. This proves that the measure passed by the last legislature, granting tuition to the eighth grade graduates at the expense of their home districts, has been a great blessing to scores of boys and girls.

The county board of education as now constituted is composed largely of men who are not educators and who are not engaged in educational work. It is my opinion that the membership of the county board of education should be cut down and limited to the county superintendent and experienced teachers.

Cigarette smoking seems to be quite prevalent among school boys. The law on this subject should be strengthened. The law should be amended prohibiting the sale and use of cigarette papers in the state.

County superintendents have too much on their hands. This is especially true in some of our large and densely populated counties. It seems to me that it would be advisable in counties where the population is more than 8,000 to allow the county superintendent to appoint an assistant who should hold a first grade certificate and in addition should be a stenographer.

At the annual meeting of the county superintendents they requested me to appoint a committee to revise and rewrite the school laws of the state. Accordingly I appointed C. T. King, Castlewood ; C. H. Lugg, Parkston ; C. E. Swanson, DeSmet; W. A. Thompson, Webster; and Hon. S. W. Clark, Redfield. The report of these well known educators will be presented to you for your consideration. The school laws of the state have been amended and changed so many times that it is important that they be edited and reenacted.

It is my opinion that our public school year is too long. Children ought not to be in the school room to exceed eight months in

any one year ; teachers ought not to be required to teach to exceed eight months a year. Then, there is altogether too much theory and too much red tape in our schools. The tendency seems to be to load the child's mind too heavily and with too many subjects. Shorten the term, simplify the work and increase the pay of the teacher.

HIGHER EDUCATIONAL INSTITUTIONS

Our educational institutions were never in better condition or in better hands. All concerned are entitled to congratulations.

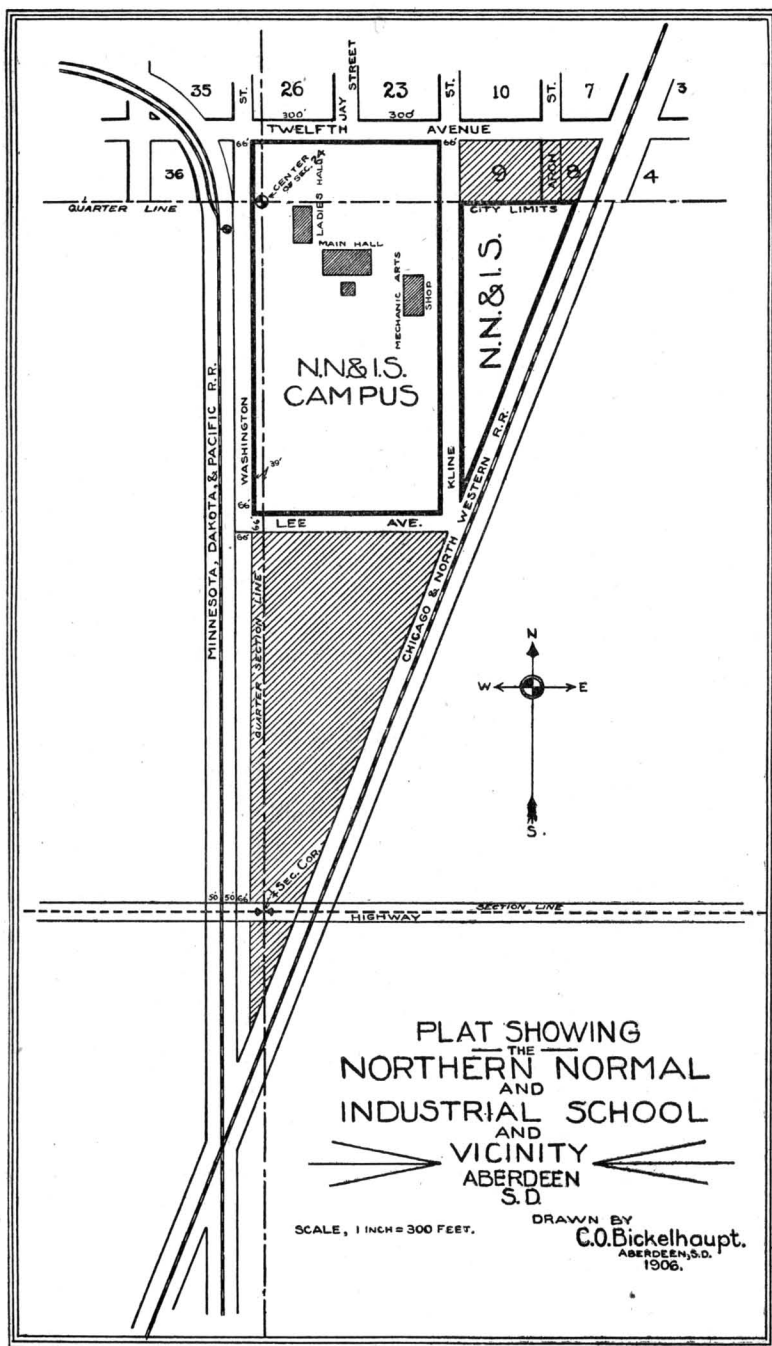
The Regents are able and painstaking men and all the talk about their bending the knee to political influence is the idle dream of busybodies. I am sure my distinguished successor will select and nominate experienced and broad minded men for the vacancies that will soon occur.

Our state schools are of such high order and are doing such good work that I earnestly wish that our people would be loyal enough not to send their children out of the state to be educated.

The denominational schools of the state are fully tip to the standard and are in a most promising condition.

The Northern Normal and Industrial School at Aberdeen under the leadership of a South Dakotan whose education was obtained within the state, is growing and prospering beyond the most sanguine expectation. An additional building will soon be needed.

Recently, when viewing the grounds, I inquired about certain tracts of land indicated by the dark shaded portions on the diagram shown beneath, and was surprised to find that said tracts were owned by private parties. Every one of you will agree that these should be bought and made a part of the grounds. Their purchase is of first importance and I recommend it accordingly.



REGENTS OF EDUCATION

Some of our people contend that our Regents of Education ought to be elected in order to relieve the board of political influence. In my opinion, just the reverse would happen.

In this connection, beg to call your attention to what President Northrop of the University of Minnesota, President VanHise of the University of Wisconsin and President MacLean of the University of Iowa say. President Northrop writes

"Our system of appointment of Regents by the Governor has been attended by absolute freedom from politics."

President VanHise writes

"We have absolutely no doubt that we have a higher grade of men of regent of the University of Wisconsin is regarded as one of the highest for our regents than we would have if they were elected. The position best honorary positions in the state. It will be accepted by men of the highest type if it can come from the Governor, he soliciting them to accept the appointment. These men would not for a moment think of entering into a political contest for the place.

As illustrations of this principle, it may be noted that Colonel Vilas, former United States Senator, Postmaster General, and Secretary of the Interior, served for many years on our board, and for a long time was chairman of our executive committee. At the present time Mr. Magnus Swenson, an alumnus of the University, and a most capable business man, is chairman of the executive committee. Neither of these men would have considered entering into a political fight for the position.

It is my unqualified judgment that in the method of election of regents by the people the average will be of a lower grade, and because of the fact that the position is an elective one, will be much closer to politics, than if the regents are appointed by the Governor upon the basis of fitness for filling a high educational position."

President MacLean writes

"I have had experience in three systems of choosing regents for a state university; in Minnesota, appointment by the governor and confirmed by the senate; in Nebraska, election by the people; in Iowa, election by the legislature. While I have been associated with able boards in three states it is my belief that the chances of securing able men who are qualified by education and experience for the office, and who are apart from partisan politics, are best where the appointment is entirely apart from the excitement and political motives apt to prevail in political conventions."

NORTH CAROLINA BONDS

On September 21, 1901, Simon Schafer of New York City delivered to the State of South Dakota ten bonds each in the sum of

\$1,000 made and executed by the State of North Carolina, due the first (lay of July, 1897. To each of these bonds were attached 58 interest coupons, each coupon being in the sum of \$30. The bonds were so delivered as a donation or gift to the state of South Dakota, it being understood that they were to be the absolute property of the state of South Dakota, but attached to the gift was a request from the donor that the proceeds be applied for the benefit of the state University. The bonds and coupons were accepted as such gift and donation.

On June 17, 1901, attorney general John L. Pyle made an agreement and employed counsel to collect said bonds. By the terms of the contract, the attorney was to receive as his total and only compensation ten per cent of the amount recovered and collected upon said bonds and interest coupons together with such cash disbursements and expenses as were made and incurred in the collection.

November 18, 1901, South Dakota was allowed to file a bill of complaint in the Supreme Court of the United States against the State of North Carolina upon these bonds. February 1, 1904, a majority opinion was rendered by the Supreme Court of the United States in this case ordering that a decree be entered for \$27,400.

On April 5, 1905, the State of North Carolina paid the attorney for the State of South Dakota said sum of \$27,400. Ten per cent collection fees as per agreement, to-wit; \$2,740; cash disbursements including traveling expenses, special examination fees, cost of taking depositions and all cash disbursements in prosecuting and trying the case, \$2,243.91 was retained by the attorney who delivered to me his check for \$22,416.09 to balance the amount collected from the State of North Carolina, which amount I deposited, on June 6, 1905, in the state treasury to be disposed of as shall seem best by you.

I recommend that the legislature pass an act carrying an appropriation to return said last mentioned sum to the state of North Carolina. We took it away from our sister state, North Carolina, simply because the law said we could. Might did not make right in this instance. If the state of South Dakota returns said sum to the state of North Carolina, it will do more to cement the states to-

gether than anything that has happened since the civil war when the relations of the states were so seriously strained.

Morally, we have no right to one cent of this money and we ought to be brave enough and true enough to give it back.

This money was clearly intended for our University. She can use it but it is tainted money. I would send this money back to North Carolina for her University and appropriate a like sum for our splendid University. It will be no burden on our people.

It is entirely plain that ingenious schemers are using our state for private ends. Further, let me call your attention to the following correspondence. It is plain that designing individuals would continue to use the good name of the state of South Dakota to collect questionable securities of other states.

"New York, March 27, 1906.

Hon. Samuel H. Elrod, Governor of South Dakota.

Dear Sir:-The Committee of North Carolina Bondholders desires to donate to the State of South Dakota (\$50,000) FIFTY THOUSAND DOLLARS, of Bonds of North Carolina which, with interest overdue, amount to about (\$150,000) ONE HUNDRED FIFTY THOUSAND DOLLARS. Will you kindly inform us whether the State of South Dakota will name an agent in New York to accept delivery of these Bonds, or whether they should be transmitted to your Capitol.

Respectfully yours,

E. L. ANDREWS."

"Pierre, South Dakota, April 3, 1906.

Mr. E. L. Andrews,

Counsel for N. C. Bondholders,

New York City.

My Dear Sir:-I beg to acknowledge receipt of your letter of March 27th saying that you desire to donate to the state of South Dakota, (\$50,000) FIFTY THOUSAND DOLLARS of the bonds of North Carolina which, with interest overdue, amount to about (\$150,000) ONE HUNDRED FIFTY THOUSAND DOLLARS.

Your kind offer is declined for the reason that it seems to me to be against public policy and good conscience.

Yours very truly,

S. H. ELROD, Governor."

It is clear to me that our state ought not to become a collecting agency neither ought it to forget the doctrine of "comity between states."

The decision in the case of the State of South Dakota vs. the State of North Carolina opens up endless opportunities for states

to deal in the bonds and other obligations of sister states. It is not possible to exaggerate the scandals, the corruption of legislatures and state officials, and the possibilities of graft which would follow if states should start to trade on the power which the decision gives them. No state ought to be endowed with the power to speculate upon unenforcible claims of individuals against other states.

Under the Federal Constitution individuals cannot sue states on such bonds so the holder gives, or sells, them to us and we sue the state that issued the bonds. The decision in the above entitled case hangs entirely on the fact that South Dakota was the bona fide owner of the bonds in question. There is no magic in the fact that she got them as a gift. She would be equally the bona fide owner if she had bought them.

Our state has no bonded debt. Our people are contented, prosperous and happy and we ought not to keel) North Carolina's money. She has a bonded debt of \$6,539,000 and she has not yet recovered from the terrible consequences of the civil war. Let us put ourselves in her place and then let us do unto her as we would have her do unto us. Mr. Clark Howell says

"For such bonded indebtedness as was fixed on the Southern States by those who overturned both human and divine law to obtain authority which did not exist, and who used the good name and credit of the Southern States by which to obtain money which they poured like water down the channels of their riotous and unceasing demand for pillage and plunder, I do not think that either equity, justice or law should require payment by the States which were so palpably robbed."

North Carolina does not owe South Dakota anything and never did, at least in this transaction. Let us balance the account by giving back to her that which is hers and not ours.

I earnestly recommend the repeal of Chapter 134 of the Session Laws of South Dakota, 1901, under which South Dakota received the North Carolina bonds. I would rather have South Dakota right, fair and just in all her transactions with her sister states than to have millions of tainted money in her treasury.

FUNDS FROM FOREST RESERVE

Your attention is called to the following correspondence between the Treasury Department at Washington and the Executive Department of this state.

"TREASURY DEPARTMENT
Washington

November 15, 1906.

The Governor of South Dakota,
Pierre, South Dakota.

Sir:-I have the honor to invite your attention to the provisions of the appropriation for the General Expenses, Forest Service, found on page 17 of the act making appropriations for the Department of Agriculture, approved June 30, 1906, Public—No. 382, as follows:

"That ten per centum of all money received from each forest reserve during any fiscal year, including the year ending June thirtieth, nineteen hundred and six, shall be paid at the end thereof by the Secretary of the Treasury to the State or Territory in which said reserve is situated, to be expended as the State or Territorial legislature may prescribe for the benefit of the public schools and public roads of the county or counties in which the forest reserve is situated: Provided, That when any forest reserve is in more than one State or Territory or county the distributive share to each from the proceeds of said reserve shall be proportional to its area therein; And provided further, That there shall not be paid to any State or Territory for any county an amount equal to more than forty per centum of the total income of such county from all other sources.'

The Controller of the Treasury has decided that the provision contained in said act does not authorize the payment to any State or Territory of an amount greater than forty per centum of the total income from all sources of the counties in which the forest reserve is located.

In order to carry out the provisions of this act, I have the honor to request that you furnish me a statement, duly authenticated by the proper officer, showing the total income for the last year from all sources of the following counties of your State in which forest reserves are located in whole or in part:

Lawrence
Meade

Pennington
Custer

Respectfully,

G. W. ESTERLY,

Acting Auditor."

EXECUTIVE DEPARTMENT
STATE OF SOUTH DAKOTA
Pierre

November 20, 1906.

Hon. G. W. Esterly,
Acting Auditor, Treasury Department,
Washington, D. C.

Dear Sir:-I beg to acknowledge receipt of your letter of November 15, 1906, in the matter of ten per centum of all moneys received from each Forest Reserve during any fiscal year including the year ending June, 30, 1906.

Below you will find the total income for the last year from all sources in the counties of Lawrence, Pennington, Meade and Custer in which forest reserves are located in this state.

Please send draft for the amount due this state at your early convenience.

Yours very truly,

S. H. ELROD,
Governor.

State of South Dakota,
Office of State Auditor.

Pierre, South Dakota, November 20, 1906.

I, J. F. Halladay, State Auditor in and for said state, do certify that the total income for the last year from all sources for Lawrence County, S. D., was \$366,640.02; for Pennington County, \$111,399.34; for Meade County, \$78,491.77; for Custer County, \$53,506.59.

Witness my hand and official seal, November 20, 1906.

J. F. HALLADAY,
State Auditor,
South Dakota.

By, F. C. HEDGER, Deputy."

"TREASURY DEPARTMENT
Washington

December 12, 1906.

The Governor of the State of South Dakota,
Pierre, South Dakota.

Sir:—I have the honor to advise you that an account between the United States and the State of South Dakota has been settled by this of fice, per Certificate No. 33,691, for \$3,595.36, and transmitted to the Secretary of the Treasury, who will cause a warrant to issue therefor, which will be sent to your address.

This amount represents ten per centum of all money collected from forest reserves of the United States located in the State of South Dakota, which is required by the act making appropriations for the Department of Agriculture, approved June 30, 1906, (34 Stat., 684) to be paid to the said State to be expended as the State Legislature may prescribe for the benefit of the public schools and public roads of the counties in which the forest reserves are situated.

You are referred to my letter of the 15th ultimo, which contains a copy of that part of the act above cited which is applicable, and also the names of the counties of the State of South Dakota in which forest reserves are located in whole or in part.

Respectfully,

C. R. LAYTON,
Auditor."

I have received warrant for the said sum of \$3,595.36 which I have deposited with the state treasurer.

You will not fail to note that said sum is *to be spent as the state legislature may prescribe for the benefit of the public schools and public roads of the counties in which the forest reserves are situated.*

Secretary of Agriculture Wilson writes me as follows in the foregoing matter.

"It is with very great pleasure that I am able to notify you of this beginning of the direct contribution of the forest reserves to the counties in which they lie. The proceeds from the reserves are likely to increase rapidly, so that this contribution, although it may not yet have reached an important figure, will ultimately pay a very considerable proportion of the expenses of the counties which are fortunate enough to have forest reserves within their boundaries."

PENAL INSTITUTIONS

It is gratifying to be able to report that all our Penal Institutions are in most excellent condition.

Your attention is called to the report of the Board of Charities and Corrections. It should be read by every member.

Under the head of "Moneys Returned To The Treasury" we find the following: "Good business management requires that no more of the available funds be used for the support of the institution than will serve a careful and economical administration. This policy was early adopted by this board and is fundamental. At the solicitation of your board the last legislature reduced the appropriations for several of the institutions. Notwithstanding this reduction a surplus has accumulated and a splendid financial showing has been made. Nor has this been done at the expense of the inmates, for never in the history of the institutions have their populations been better fed or better clothed or better cared for according to the spirit and purpose of the institution than they are today, notwithstanding the prices of food, clothing and labor are probably higher than they have ever been. These results have been largely brought about by the more extended experience of your board in the general management of the affairs of the various institutions and the hearty co-operation of the officers in charge. The following amounts have been returned to the state treasury as not needed at the end of the fiscal year closing with June 30, 1906:

School for the Blind	\$11549.05
School for Deaf Mutes	2488.47
Reform School	7169.82
Hospital for Insane	618.63
Penitentiary	21278.57
Northern Hospital	253.57

Total \$45628.11

These amounts include the unused cash in the local and endowment funds and other sums due and available for the year named."

Your attention is particularly directed to the following from the report

"The reports of the heads of the different institutions appended hereto are replete with information and full of interest. Your attention is particularly directed thereto. It is with a sense of pride, pardonable, we think, under the circumstances, that attention is called to the excellent standard of economy and efficiency which has been reached in our institutions without an exception. Never before in their history, as intimated elsewhere, have as great results been obtained with the same cost, or more approved business and institutional methods been brought to bear upon the solution of the problems involved in the purposes of each particular institution. People are studying the questions relating to a proper disposition of the derelict and unfortunate classes of society as never before, and these questions are being solved in the spirit of the century. We are pleased to know and to state that the superintendents in our institutions are abreast of the times in this respect. By reading journals especially devoted to their work, by visiting other institutions and carefully observing and studying their methods, by attending state and national gatherings of workers in their respective line, and listening to and participating in the consideration and discussion of the vast and varied problems involved in their work by the ripest and most experienced men and women of the nation in these lines, by all these and by a conscientious and industrious application of the ripest experience, our superintendents have been and are properly fitting themselves for their work; and to this we believe is due, in large measure, the high standard of excellence which our institutions now enjoy."

HOSPITAL FOR INSANE

It is my earnest wish that each member of this legislature read carefully the report of the Supt. of the South Dakota Hospital for the Insane made to the State Board of Charities and Corrections ; also the report of said Board. They are so full and so complete and treat of such an important subject that they are worthy of the most careful consideration at your hands.

In this connection let me ask you to read the report of the Woman's Committee of Investigation on the hospital and other institutions. They set out in the report, among other things, that they have made a very careful and detailed examination of all the institutions which they visited. The personnel of this committee is of such high order that their report is worthy of careful consideration.

Our hospital for the insane at Yankton is certainly a model institution of its kind. It strikes one favorably at every turn and I wish that each citizen of the commonwealth might have the privilege of going through the institution and seeing how tenderly and comfortably the unfortunate inmates are cared for.

We are taught that "cleanliness is next to godliness" and it is a great pleasure to report to you that the hospital is scrupulously clean in every department and in every nook and corner. In brief, kindness and cleanliness seem to be the ruling spirit of the institution.

Supt. Mead is without doubt the best qualified man in the state for the place. He is so modest, so kind, so unassuming, so well qualified, and has the work of the institution so well in hand, that he guides all its affairs with apparent ease. Each one of his assistants and employees seems to know his place and to be doing his work in perfect harmony.

The new hospital building just completed is a model. It would have cost the state, had it been constructed by contract, perhaps \$150,000. Under Superintendent Mead's planning, directing and superintending and with the help of inmates it has been erected at a cost of \$30,000. It has to be seen to be appreciated. It is entirely occupied by male inmates. A duplicate building should be erect-

ed without delay for the women. In one room 20 by 21 feet I found ten beds. The room was scrupulously clean and neat but it is a living shame that ten sick, insane people should be compelled to sleep in the same room.

I am sure that the people of this state are anxious and willing to pay every cent that is necessary for the comfort and care of all those who are so unfortunate as to be inmates of the hospital for the insane.

It is your duty to be scrutinizing and economical in all expenditures, but when it is necessary that appropriations be made, you should not hesitate.

PENITENTIARY AND REFORM SCHOOL

The financial showing made by the Penitentiary and the Re-form School is excellent.

Warden Parmley and Superintendent Young rule and govern their respective institutions with firmness and kindness. The inmates have plenty of good and well cooked food; comfortable, clean clothing; good beds to sleep in and all are required to work.

If the industries now started at the Reform School are properly developed it is the opinion of Superintendent Young that the institution will be self sustaining within two or three years. It is to be hoped that his prediction will come about.

The Board of Charities and Corrections in their report referred to a group of boys sent to the Reform School who had been in the charge of a children's home society in this state. It got into the newspapers that this reference referred to The South Dakota Children's Home at Sioux Falls, South Dakota. I investigated this thoroughly and know that the boys referred to were never inmates of the Children's Home at Sioux Falls, and in this way, am pleased to say to the people of the state that any and all contributions that are made to the Children's Home of Sioux Falls will be most graciously received and wisely expended.

We have a strong law against bringing homeless children into this state and it should be rigidly enforced.

The Northern Hospital for the Insane, the School for the Blind, the School for the Deaf Mutes are moving along so nicely

and are being managed so economically and well that no comment is needed.

WATERTOWN HOSPITAL

The last session of the legislature located an additional hospital for the insane at Watertown to be constructed upon land now belonging to the state, provided no money should be appropriated for building a new hospital until there should be in the hospital at Yankton the proper maximum of one thousand patients.

I recommend that the Board of Charities and Corrections be authorized to select the site for the buildings to be hereafter erected on said land and, as soon thereafter as such selection has been made, that they employ a landscape gardener to lay out the grounds and plant trees; that said Board should also be required to plant an orchard of not less than five acres on the said lands, and that the cultivation and care of said trees and orchard from the time they are planted should be under the control of said Board, and that a sufficient appropriation be made for the above named purpose.

STATE MILITIA

The militia of the state of South Dakota, thanks to Adjutant General Englesby and the personnel of the entire guard, is in excellent condition. It has been the policy to keep the expenditures within the appropriation. Strict economy has been absolutely necessary. The legislature of two years ago appropriated only \$26,000 for the biennial period. In order to keep within bounds careful plans had to be mapped out and many items of expense had to be eliminated.

General Englesby, having had experience in the Philippines, knew how to accomplish this. One of the first things he did was to move the office of Adjutant General from Pierre to Watertown, thus saving several hundreds of dollars in expenses. The camp ground being located near Watertown, that city is the place for the office.

The expense accounts of the Adjutant General and all the employes have been kept down to the minimum. Employes whose duties were nominal have done extra work without charge. In a

word, the financial affairs have been so well kept in hand that we have been able to buy thirteen acres of choice land adjacent to Camp Roosevelt on the south shore of beautiful Lake Kampeska. It was necessary to purchase this additional land in order to bring the camp grounds out to the public highway on the west.

After repeated efforts the National Government has authorized us to purchase a choice forty acre tract of land, adjoining the camp grounds on the south, out of the state's annual allotment.

At the beginning of this administration the camp grounds contained sixty acres. Adding the fifty-three acres which we have purchased as aforesaid, the grounds now contain 113 acres. It is a handsome property, splendidly located.

General Englesby recommends that an appropriation of \$30,000 be made for the coming two years. There are a number of improvements and betterments that ought to be made in addition to the necessary expense incident to the maintenance of the guard. I would like to see trees set out around the buildings and along the boundaries of the grounds. They would add very much to the appearance of the landscape.

Having a personal knowledge of the property, the surroundings and the conditions, I heartily concur in General Englesby's recommendation.

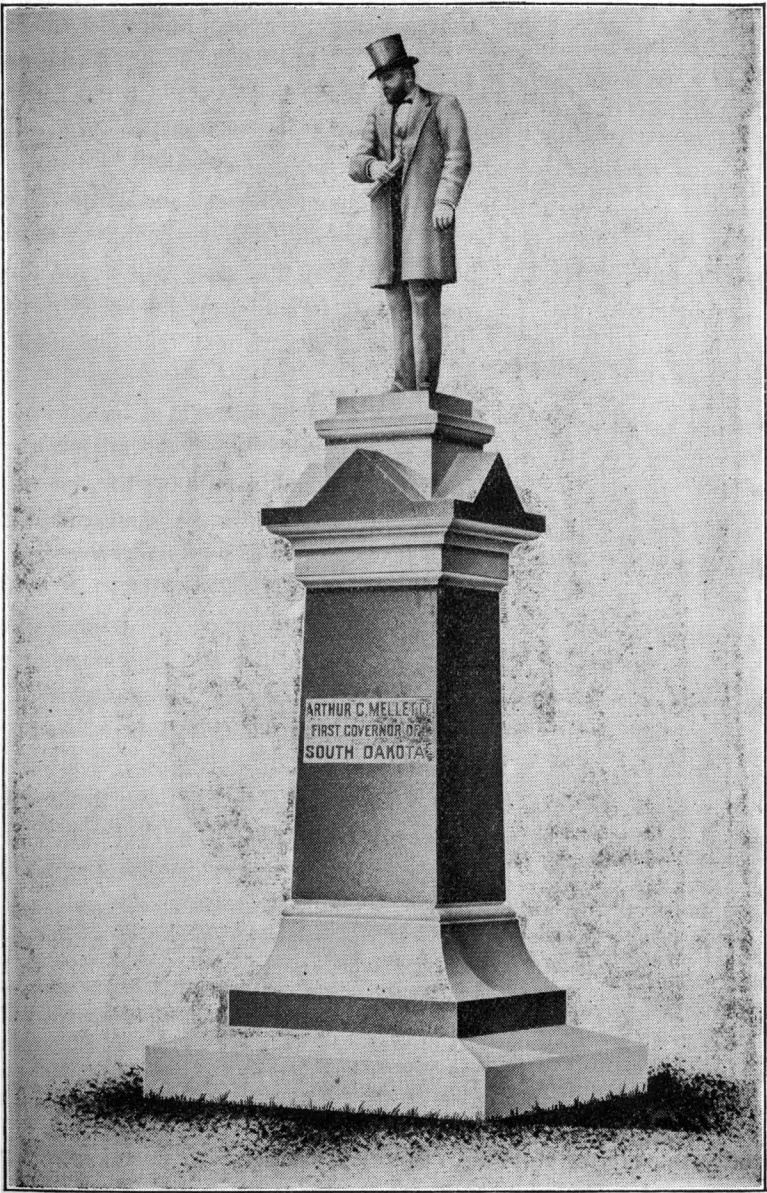
SOLDIERS' HOME

The report of the commission, which is well worth reading, shows the institution to be in excellent condition. The buildings have been greatly improved during the last two years and it is now a home indeed and in truth.

STATUE FOR SOUTH DAKOTA'S FIRST GOVERNOR

HON. ARTHUR C. MELLETTE

The veterans of Freeman Thayer post, G. A. R., of Watertown, South Dakota, have undertaken to erect a monument to the memory of Arthur C. Mellette the last territorial governor of Dakota and the first governor of the state of South Dakota. They have accumulated already, a considerable part of the funds required by selling their post hall, etc. The plan, as I understand it, is to erect a plain, substantial statue. The following is the design which has been agreed upon.



It is strictly plain and modest and it seems to me very typical, therefore I recommend that a sufficient appropriation be made to complete the proposed statue. It seems to me fitting and proper that such appropriation should be made by the state to the end that every citizen of the commonwealth may have a part in its erection.

All who knew Arthur C. Mellette, and especially the pioneers of this state, know that he was a noble, honest and large hearted man ; that he gave the best years of his life to the people of the territory and the state. The pioneers of this state will never forget how promptly and fearlessly he acted and how he brought relief to thousands of our people in the great calamity that fell upon the state in 1890.

His character and his worth are best illustrated by one of his own acts. When, in his young manhood, he left the university for a career which promised fame and honor in military life, he voluntarily sacrificed it to hasten to the provost marshal's office and give himself as a substitute for an invalid brother who had been drafted, and served to the close of the war as a conscript's substitute, accepting cheerfully and without explanation the unmerited odium attached to, such service. He led such a useful life and his character was so clean and his services so able and fearless that it seems to me it would be an act of gratitude for the state, he loved so well, to aid in the erection of the proposed monument.

I suggest that a joint committee from the Senate and the House be appointed to advise with the officers of Freeman Thayer post and ascertain what amount will be necessary to complete the proposed statute and that said committee draft and report an act carrying an appropriation for the completion of such statue.

CAPITOL BUILDING

At the beginning of the Session in January 1905, at the request of several members of the legislature, I wired Governor Toole of Montana as follows : "Please wire me name and address of architect your capitol building. Could you fully recommend him?" and received a reply in the following words : "Bell and Kent were the architects. Firm dissolved. C. E. Bell Minneapolis, Minn. J. H. Kent Helena, Montana. Recommend either."

Subsequently Mr. Bell came to Pierre bringing with him plans, etc. of the Montana capitol building which were examined by members of the legislature and he described and explained the building to the members in a joint session. Later in the session, Chapter 163 of the 1905 Session Laws was passed by the following vote. Thirty-six votes in the Senate and seventy-four votes in the House were cast in favor of said chapter, and eight votes in the Senate and twelve votes in the House were cast against said chapter.

Later the Capitol Commission went to Helena and inspected the Montana capitol building and made personal inquiry of many well known public citizens and state and national officials as to the reputation and ability of Mr. Bell as an architect all of which was to the entire satisfaction of the Commission.

Almost the first thing Governor Toole said to us was, "We have the best building, for the money, in the United States and there is not a dollar of waste nor a dollar of graft in it."

In 1898 the "Montana Capitol Commission drew up a synopsis of what was needed for a building of the character required and sent circular letters to architects of acknowledged reputation asking them to submit prices for plans and an outline of the plan for such a building within the cost contemplated. Under this arrangement, over one hundred plans were received. A careful canvass of the sketches of the plans and estimates of cost resulted in the selection of those of Bell & Kent as being in all respects best suited to the conditions."

The Montana Capitol Commission in their final report used the following language

"The work of the Commission is finished. For five and one-half years we have had the responsibility of the erection of this building resting upon us. The members of the Commission appreciate the many favorable comments on their work and the practical absence of adverse criticism. Criticism we expect-the man of perfect judgment is yet undiscovered. We do ask, however, that we be given credit for having striven to do our duty as honest men and citizens."

Secretary of State Hays who accepted the Montana capitol building spoke as follows

"The selection of the plans and the early work of its building were under the direction of Governor Smith and the Capitol Commission composed of Messrs. Fox, Folsom, Beach and Peck. The decorations, fixtures

and final completion have been under the supervision of Governor Toole and the Capitol Commission composed of Messrs. Fox, Beach, Peck and Greenough. To these men the people of this State owe a debt of gratitude for their unselfish and untiring efforts in bringing to a completed construction this beautiful capitol which will remain for all time a home for tice records and archives of the Executive, Judicial and Legislative branches of the State government.

Permit me to emphasize the noble work and scrutinizing care with which Governor Smith and Governor Toole have labored to hand down to the people a public building free from the taint of squandered or wanton distribution of the public funds. The citizens are to be congratulated upon receiving full value for every dollar expended.

The people here present, representing every section of this favored land, from Sylvenite to Alzada, and from the Plentywood to Monida, applaud your efforts and approve the work which you this day give to their keeping.

The architectural simplicity and solidity, the beauty of the decorations, and the delightful scenery about its location will ever remain an inspiration to the nobler impulses of our people."

United States Senator Clark delivered an address at the dedication. We call your attention to one paragraph of it.

"It is gratifying to find that this building has been planned on an architectural scale of such harmonious and striking proportions, and that it has been erected in faithful compliance therewith. It is in every way creditable to all who participated in its projection and construction, and it will stand here like the neighboring mountains for ages to come to kindle a sense of admiration in the hearts of all beholders, and as a symbol in the minds of every patriotic Montanian of the dignity and grandeur of the state."

Bell & Detweiler, our architects, accompanied us to Helena and we went over the building from top to bottom and examined carefully every nook and corner of it and talked with state officials and made notes of all criticisms and suggestions all of which have been taken into consideration in the preparation of the plans for our proposed new capitol building. We obtained a copy of the contract entered into by the State of Montana with Bell & Kent and subsequently we entered into a contract with Bell & Detweiler to furnish plans for our capitol building on the same terms as *Mon-tana had done in 1898 when competition was the sharpest ever known.*

When we employed Bell & Detweiler as architects and decided to make a capitol building following the general plan of Montana's capitol building we saved the state of South Dakota thousands of

dollars. In addition to this, we know exactly what the building will be and what it will look like when completed. Further, we know that we have architects who have been tried and found not wanting.

There is no question but what Bell & Detweiler are gentlemen in every sense of the word and well skilled and able architects. Since we entered into our contract with them to furnish plans and specifications for our capitol building they have been the successful competitors for the plans and specifications for the court house which is now being erected in the city of Deadwood, Lawrence County and for the court house which is now being erected in Britton, Marshall County.

The Commission deemed it wise to investigate the quarries in this state and also the Bedford, Indiana, quarries where the stone that was used in the handsome Federal building in this city was procured. Accordingly the Commission visited said quarries. The daily output of all the quarries in the Bedford district is 400 cars, 300 cars of which go to New York, Boston, Philadelphia and other eastern cities. We learned that Bedford limestone was used in the construction of the Georgia and Mississippi capitols just recently completed and the Commission saw the stone that was being quarried for the new Kentucky capitol building now being built.

Knowing that Kentucky was full of building stone, on our return, I wrote Governor Beckman as follows

"EXECUTIVE DEPARTMENT
STATE OF SOUTH DAKOTA
Pierre

December 21, 1905.

Hon. J. C. W. Beckham, Governor,
Frankfort, Kentucky.

My Dear Sir:-We are just beginning to build a new capitol building and must soon decide what kind of stone to build it out of.

We recently inspected the Bedford quarries and saw some of the work that was being done for your new capitol building. I supposed that you had a great abundance of building stone in your own state.

At any rate, we would like to know what induces your state to select the Indiana Bedford stone.

Thanking you for a reply and with the compliments of the season,

Yours very truly,

S. H. ELROD,
Governor.

I received the following reply:

"COMMONWEALTH OF KENTUCKY
EXECUTIVE DEPARTMENT
Frankfort

J. C. W. BECKHAM,
Governor.

December 26, 1905.

Hon. Excellency

Hon. S. H. Elrod, Governor of South Dakota,
Pierre.

My Dear Sir:-I am in receipt of your letter of a few days ago asking for some information in reference to the stone to be used in our new Capitol building. It is true that in making the contract for the building we selected the Bedford, Indiana, stone, but did not do so with the idea that it was superior to some of the stone in our state, particularly the Bowling Green, Kentucky, stone, which is considered equally as good as the Bedford. The reasons which induced us to select the Bedford were, first, there was a difference in bids for the two stones of about \$100,000 in favor of the Bedford, and second, on account of the equipment for getting the stone out in the respective quarries. It was our desire to complete the Capitol within two years, and there was no responsible contractor before us who was willing to undertake the contract for less than three years if the Bowling Green stone was to be used. Our preference was in favor of the Bowling Green stone on account of its being home industry, but in consideration of the above reasons we felt compelled to accept the Bedford.

With assurances of high regard, I have the honor to be.

Yours very truly,

J. C. W. BECKHAM."

We also learned while there that the Bedford limestone was being shipped to California to be used in Federal buildings. The Rocky mountains are full of building stone, notwithstanding this, Bedford stone is being used in the Federal building being built in Cheyenne, the capitol of Wyoming.

The Capitol Commission knows that it could have let the contract for the east wing last April for less than \$150,000 and for a completed building for less than \$500,000; the first story of the building to be built out of Sioux Falls granite and the remainder out of Bedford limestone. It is for you to decide or to leave it in the hands of the Capitol Commission.

Sentiment and state pride are all, right but business principles in a matter of this kind should govern. If you can get as good a building and as handsome a building for much less money out of Bedford stone, I am sure the people would prefer it. It is not busi-

ness for state pride to govern in this matter if the facts are all in favor of Bedford stone, because South Dakota floor is sold in hundreds of Indiana cities.

The building is greatly needed. Further delay is extremely dangerous. The libraries and many valuable records are exposed for want of fire-proof vaults. I recommend that the east wing be built at once. The foundation is already completed and speaks for itself. Th, funds are provided as more fully appears by the Capitol Commission report. This wing will accommodate the Supreme Court and their stenographers, the clerk and his deputy, the Supreme Court library, the Senate, etc.

I further recommend that you authorize the Commissioner of School and Public Lands to proceed to sell capitol lands,—we have 69,380 acres yet unsold,—at not less than \$10 an acre, one half cash, balance in three or five years, until \$250,000 additional are accumulated, and that you authorize the issuing of \$100,000 Capitol Building Bonds. The act should prohibit the issuing of bonds until the money is needed.

I know of no other way in which you can build the capitol. In support of this statement I call your attention to a part of Section 2 of Article XIII of the Constitution, which is in these words:

"For the purpose of defraying extraordinary expenses and making public improvements, or to meet casual deficits or failure in revenue, the state may contract debts never to exceed with previous debts in the aggregate \$100,000, and no greater indebtedness shall be incurred except for the purpose of repelling invasion."

Your attention is called to the following editorial from the Daily Dakotan of this city.

"Despite all of the clamor about the capitol plans, it must be constantly borne in mind that the state of Montana secured a capitol building creditable to any western state, large enough to accomodate all of the state's business for many years to come; one in which all of the people of that state take great pride; a building which impresses every one that sees it with its beauty and fitness; and it cost, finished and furnished, about four hundred thousand dollars."

Now gentlemen, throw sentiment to one side and each one of you vote just as you would if you were going to build the building for yourself and were going to pay the bills. This thought has guided the Commission from the first.

The Commission has carried out every requirement of the law and worked on the proposition constantly for two years. Each member has expressed himself freely and, in deciding questions and policies, we have been unanimous.

Land Commissioner Bach has earned and is entitled to the thanks of all our people for his untiring energy in selling 13,000 acres of capitol lands.

It is a pleasure to hand to my successor a beautiful souvenir of Montana's Capitol; am sorry I do not have one for each of you. It describes a magnificent capitol building, strictly fire proof, lighted by electricity and heated by steam.

The question that concerns us is, What did it cost? Let Montana answer and briefly add her description of her home.

"Roughly stated it may be said that the cost of the building and grounds was approximately \$480,000 and the furniture was \$60,000, making a total cost of about \$540,000.

The State of Montana is to be congratulated that it has secured a magnificent home, ample in its accommodations for years to come, perfect in its appointments, modern in construction, complete in detail, beautiful in appearance and in all ways satisfactory and desirable, and at a cost far less than that of many more pretentious structures that are far from being as well appointed and satisfactory in all respects as is this beautiful building."

STATE LANDS

Your attention is called to the business-like report of Commissioner Bach showing the extent and value of the state lands; what disposition has been made of them and the policy of the Commissioner and of the state board.

The business of this department has grown to immense proportions and the fidelity of those charged with its administration is more strongly attested by the work done and the records of the office than mere words can indicate.

Shall the remaining school lands be withdrawn from sale? is one of the most important questions before us. There are arguments on both sides of this question. The most conservative members should give it very careful consideration. All will agree that the present generation is entitled to some portion of help from these lands.

Commissioner Lockhart used the following language in his last report.

"After careful thought and study upon the subject, we believe that it is but just to the present generation to sell a sufficient amount of said lands, so that the interest derived therefrom, together with the proceeds derived from the leasing of school lands will be sufficient to pay, at least, a large part of the expenses of our common schools, and lift this burden from the taxpayers of the state."

Commissioner Bach uses the following language in his last report.

"The handling of the permanent school fund and keeping it invested is now and will be, in time to come, one of the most difficult problems for the people of this state to solve.

The question has been raised on several occasions whether or not it would be wise to go on as we have been doing in the past, selling our lands. This is a matter that will need the very best thought of every loyal citizen. Good arguments can be advanced for and against the proposition.

In the last three or four years, the state has taken the position that it would be better not to dispose of its land unless it could get more than it was worth at the time of sale, and then only sell a limited amount each year. This course, in our judgment, is the best one to pursue at this time.

While the pressure from the different localities to sell has been increasing each year, this department has tried to be fair and conservative in the matter. We do not believe that it would be for the best interest of the state to entirely discontinue selling, and will not be for some years to come. We believe, however, that the time has come to raise the minimum for which the land shall be disposed of and would suggest that it be raised to \$20.00 per acre."

I am very sure that there is no higher authority on this subject than Commissioner Bach and I cheerfully concur in what he says, having gone over this subject in all its phases with him again and again during the past two years.

In some sections of the state where there are large blocks of state lands it certainly is advisable to make sales. To illustrate: There are about 115 sections of state lands in one block or body in Marshall county. It is my opinion that at least a part of these lands ought to be sold to the end that roads may be opened up, and that a portion of the lands may become subject to taxation.

I do not think it wise to take this matter out of the hands of, or interfere with the sound discretion of the Board which consists

of the Governor, the Commissioner of School and Public Lands and the State Auditor.

Some one has advanced the idea that there will be times when school loans will not be sought and that idle money is worthless and is also dangerous. There is nothing in this suggestion. In my mind there will always be a demand for every dollar of the school fund if it is loaned at five per cent. If there is mismanagement, then, under the constitution, it becomes the duty of the succeeding legislature to make provision for the return of the amount lost to the fund.

There is little if any danger of mismanagement. South Dakota's system of handling the permanent school fund is the best, so far, developed by any state. The loans are made through the counties and the counties are responsible. The expense, always an important item, is very little. It is a great advantage to have a big cash school fund to distribute to the counties; it has an influence on interest rates which is of very great value. If the cash school fund is properly handled the interest and income fifteen years hence can be made to pay practically the cost of conducting our schools.

There is nothing for the legislature or the people to be alarmed at in the sale of school lands. When South Dakota was admitted into the Union we had 2,200,000 acres of school lands. Seventeen years have passed since we became a state and in that time we have sold 301,667 acres, and have 1,901,087 acres unsold. In addition to this vast body of unsold school lands, when all the reservations are opened we will be able to add 550,000 acres more, which makes the total amount of school lands to be sold in the future 2,451,087 acres. An empire in itself. An immense heritage.

To bring this squarely before your minds let me illustrate: This line —— represents the 301,667 acres we have sold in seventeen years; this, ————— the 2,451,087 acres unsold.

The policy of this administration has been strictly conservative. During the administration of Mr. Bach but 7,000 acres have been sold each year. *At this rate it will take 370 years to sell the remaining school lands.*

The present system is a safe and conservative one. Then why experiment with schemes which would expose this great fund to an army of grafters? It would certainly follow if the state should withdraw school lands from sale and should undertake to lease school lands for farming purposes.

I recommend that the Commissioner of School and Public Lands be authorized to sell all matured and insect eaten timber belonging to the state under such rules, regulations and safe-guards as may be deemed for the best interest of the state.

I know from personal observation that a large amount of timber on state lands, in the Black Hills country especially, will be a total loss if it is not disposed of at an early day; and I know further that there are many fine trees that are being killed by bark beetles.

The best authorities say that the only way to prevent the spread of beetles in the timber is to cut down all trees so infested, for if cut at the proper time, it will prevent their transferring themselves to trees that have not been attacked. The Commissioner of School and Public Lands should investigate this matter and under his advice and direction a bill should be prepared with special care and promptly passed.

SECRETARY OF STATE'S OFFICE

Your careful attention is called to the recommendations found in the very full report of Honorable D. D. Wipf, Secretary of State.

It is interesting to note the growth of business in this office during the past ten years. The fees for the two years ending June 30, 1896, were \$9,669.19; and the fees for the two years ending June 30, 1906, were \$56,276.98.

The special attention of the judiciary committee of the Senate and the House is called to the following paragraph taken from the report of the Honorable Secretary of State.

"Permit me to call the attention of your Excellency to Senate Bill No. 17 of the Legislature of 1903, providing for a Revised Code of Civil Procedure. It appears as if part of section 108, all of section 109 to 116 inclusive of Chapter 9; all of Chapter 11 were not contained in Senate Bill 17 when the same passed and became the Code of Civil Procedure.

It also came to my notice that the index of the Revised Code of 1903 is very incomplete, and therefore would respectfully suggest that the next session of the Legislature should provide for a complete, proper and true index as well as to find a remedy for the apparent omission in the Code of Civil Procedure."

REVENUE LEGISLATION

If those who have charge of our tax laws will enforce them there is very little need of new legislation on this subject. The letter of transmittal accompanying State Auditor Halladay's report is so much in point I quote the following from it.

"The wealth of the state is rapidly increasing, and it will be but a short time before the assessable property will aggregate such an amount that the constitutional levy of two mills for state purposes will provide ample funds for all necessary expenditures.

The problem of the best methods to be employed in attempting to get all of the taxable property on the tax rolls is still unsolved, and will always remain so until the taxation system now in vogue in this state is radically changed. Millions of dollars in moneys, credits and personal property escape taxation every year. Chapter 42, Session Laws of 1905, providing for a meeting of the county auditors with the state board of assessment and equalization, was a step in the right direction and the results under this act have been exceedingly satisfactory. This, the second year the law has been in force, brought returns from nearly every county in the state in strict conformity to the schedules adopted at the March meeting, and the result of conforming to the law simplifies and makes more satisfactory the work of the assessors, boards of county commissioners, county auditors, and the state board of assessment and equalization, as well as the state auditor's department. Chapter 40, Session Laws of 1905, was designed as an aid in getting on the tax books property which had escaped the assessors, and gives to either the boards of county commissioners or the state board of assessment certain powers to bring about this result. The law is a good one, but has not been taken advantage of to any extent by the local officials. Through an oversight, I presume, no appropriation was made to carry out the effect of this law so far as the state officials are concerned. While the act authorized the state board of assessment and equalization to "ascertain, discover and place upon the proper assessment rolls and tax lists all taxable property in any county omitted from such assessment rolls or tax lists, or which has been omitted or concealed from assessment; * * * and in their official capacity employ such aid and assistance as they shall deem necessary and proper, and fix the compensation of all persons so by them employed, which compensation shall be reasonable for the services rendered," the legislature neglected to appropriate funds from which to meet this expense. The county boards have the authority to provide their own funds

for this work, but the state board was powerless because of no available funds with which to carry out the provisions of this act. Therefore, I would recommend that the legislature, at its next session, appropriate a sufficient sum to enable the state board to put this measure into effect. I am satisfied that good results can be obtained by a systematic effort on the part of the officials mentioned, working in harmony under this act, if applied with equal force to every county in the state.

The total assessed valuation of the state four years ago, as left by the state board of assessment and equalization, was \$187,531,381. This year the aggregate is \$222,426,469, a gain in round numbers, of \$35,000,000 or an average of nearly \$9,000,000 per annum. The increase in the future will be at a much greater ratio. Nearly one thousand miles of new railroad will be added to the railroad mileage of the state this year. A large section of the state is being opened to settlement and these lands will soon be listed for taxation. Thousands of new people are flocking into the state, bringing with them new wealth and preparing to produce additional wealth."

CORPORATIONS

However, I think a law should be passed to impose taxes upon corporations, associations and joint stock companies, chartered or incorporated under the laws of any other state, for the privilege of coming into this state for the purpose of doing business here; provided it is found to be within legislative control in the exercise of its police power. If such an act is passed, it should provide for the collection of said taxes and the payment thereof into the state treasury.

A vast amount of business is done by our people with foreign corporations and associations who pay no taxes whatever in this state. Citizens of this state are constantly giving their notes and evidences of debt to these foreign corporations and associations and paying interest thereon. These corporations and associations are constantly receiving liberal profits from our farmers and pay little or no taxes here.

If a citizen who has given his note fails to pay, the corporation or association to whom he, has given the obligation, uses the courts of this state to enforce the collection of the debt. The people are taxed to maintain the courts. The courts are employed by these non-taxpaying associations to enforce collection of their debts.

These corporations and associations do all kinds of business with the people of this state. The catalogue houses that are con-

stantly deceiving our people are included and of all fakes that our citizens support, there is none that outstrips the average catalogue house. By their flaming catalogues they inveigle the people into trading with them. It is a well known fact that in many instances the merchandise they sell to our people can be bought for less money in any reliable store or shop, within the state. It is also known that, where the article is sold for less money than it can be bought for in the state, it is a cheap and inferior article.

In a word, these concerns ought to pay a good, round tax for the privilege of doing business in this state. It seems to me this matter should have careful attention.

PUBLIC EXAMINER

Public Examiner Bramble and his deputies have repeatedly examined all banks, (except National Banks), and banking institutions within the state during the past two years. He has also examined and checked over the books and accounts of state officers and county treasurers.

It is worthy of note that there has not been a bank failure during this administration. It is most gratifying to be able to report that the financial affairs of the state and the counties are in a most healthful condition.

There are 368 banks under state control carrying \$31,177,427 in deposits. There are 79 National Banks carrying \$19,070,339 in deposits. This is an increase of \$11,000,000 over last year. It shows \$100 to the good for every man, woman and child in the state.

I recommend that the law be amended so that it will be made the duty of the Examiner to examine each and all insurance companies chartered by this state, at least once a year.

FOOD AND DAIRY COMMISSIONER

The report of the Food and Dairy Commissioner is worthy of a careful reading. It deals with the enforcement of the very excellent pure food law passed at the last session. The passage of this law, just preceeding the passage of the federal pure food law, shows clearly that our people were leading in this reform.

The Commissioner and the State Board of Health are to be

commended in requiring the slaughter houses through the state to be thoroughly cleaned.

The report of Professor Shepard, state chemist, is attached and is very interesting and instructive.

DEPARTMENT OF HISTORY

This department has charge of the State Historical society, the State Census, the Vital Statistics and the State Library and has recently opened a division of Legislative Reference. In its operations it is daily becoming more and more important as a state institution. Its splendid volume of Historical Collections ; the compilation of the Second Census of South Dakota; the Annual Reviews of the Progress of the State for 1905 and 1906 and the First Annual Report of the Vital Statistics attest the unflagging industry of the superintendent and his small corps of assistants since the last legislative session. The work of this department has constantly come under my observation during my term of office and I am impressed with its great importance, and am convinced that its usefulness is limited by lack of clerical assistance. I think the legislature should make provision for additional help in the department. Secretary Robinson works early and late. The work of the department is so heavy that he is compelled to operate a type-writer several hours each day. He ought not to be required to do such work as this time could be used to better purpose. He greatly needs a stenographer and an assistant in addition to the present force.

STATE LIBRARY

The last legislature placed the miscellaneous state library under the control of the Department of History. The vast accumulation of unclassified material has been removed to the rooms in the second floor of the state house where the books have been shelved and made available to the public and they are much resorted to for reference. I believe the time has come when the state should make a small annual appropriation for the purchase of necessary reference books for this library.

THE STATE CENSUS

Under the provisions of Chapter 63 of the Laws of 1905 the Second Census of South Dakota was taken under the direction of the Department of History. A prodigious amount of information relating to the population and agricultural productions of the state was secured and carefully compiled and published in a fine volume of 575 pages which is laid before you. The extent and authority of this work is a surprise and gratification to all who have examined it. The great value of a state census lies in the freshness of it; whereas the information secured in the Federal census of 1900 has not yet all been digested and published and therefore has lost its economic value; the state census was in the hands of the people complete within six months after the enumeration.

THE VITAL STATISTICS

Beginning with July 1, 1906, under authority of the act of the last legislature, the Department of History has collected and compiled the birth, death, marriage, divorce and naturalization statistics of South Dakota and the first report has just been published. The work of this department has demonstrated that South Dakota has much the smallest death rate of any of the states within the registration area of the United States. The National Vital Statistics bureau has accepted the returns of our department and will use them in its future compilations.

The superintendent asks that clerks of courts be made ex-officio superintendents of vital statistics, for the several counties, with increased powers.

CONSTITUTIONAL JOURNALS

The journals of the constitutional conventions of 1885 and 1889 have not been published. Single copies only of these important documents are in existence. It would be a great loss if they should be destroyed. Only by the debates of the conventions which made the constitution can many important portions of it be correctly interpreted. I advise that the state librarian be authorized to edit and publish these journals, under such regulations for their disposal as will make them available for the use of the bar, the courts and the libraries of the state.

STATE FAIR

The state fair is permanently located at Huron. A handsome, splendidly located and valuable site containing about sixty acres of land adjacent to the city of Huron has been donated to the state, for a permanent home for our state fair, by the North Western Railway Company. The Board has given the state two remarkably good fairs, especially so when you take into consideration the amount appropriated for their use and the many buildings and improvements needed.

This is a farming state. It is very important that we have an annual exhibition of our farming products and that our farmers have an opportunity to see thorough-bred stock to the end that the quality of farm products and of our stock all over the state may be improved. Squeeze the other appropriations and increase the appropriation for the state fair.

LIVE STOCK COMMISSION

At the last session of the legislature an act was passed creating a Live Stock Commission and an appropriation of \$10,000 was made and placed in the hands of said commission to be used in eradicating what is known as the scabies from the state. I appointed the following named gentlemen as such commission : Frank M. Stewart; C. L. Eakin ; Daniel J. Stafford; Frank C. Huss and David R. Jones.

They at once entered upon their duties and have so successfully done their work that the disease has been practically driven out of the state.

It is a source of gratification to be able to report to this legislature that said commission used only \$3,150.51 of the \$10,000 appropriated and that \$6,849.49 remains in the state treasury.

FORESTRY

The state should in some way encourage tree planting. Some one has said: "Next to the earth itself the forest is the most useful servant of man." It sustains and regulates streams, checks the winds and beautifies the landscape. Its uses are too numerous and too well known to mention.

Forestry should be more extensively taught in the Agricultural College and in our schools, and I recommend that a State Board of Forestry be created and that the professor of Horticulture and Forestry Professor Hansen, be made director thereof. Create a board of five, to be appointed by the Governor, who shall serve for a nominal salary. In a sister state the salary of each member of the Board of Forestry is \$100 per year.

Without doubt the board will at once begin a vigorous crusade in all parts of the state by writing articles and furnishing various information on the subject. The work of such a board will be far reaching. A strong sentiment will set in and much good will be accomplished.

CORN

All will admit that South Dakota is making great strides in the growing of corn and is rapidly becoming a corn state. It has been demonstrated again and again that the quality of our corn can be improved by using good seed. With the proper selection of seed there is no reason why South Dakota will not soon be a reliable corn state. Anything that this legislature or any one else can do to aid in a matter of so wide importance as this is worthy of careful consideration.

The state owns a section of improved land at Sioux Falls and Watertown and I recommend that at least one half of each of these sections of land be planted to corn under the supervision and direction of the Agricultural College at Brookings and that the corn raised be sold to the farmers at reasonable prices. There is no reason, if the Agricultural College gives the matter proper attention, but what the crop will pay all the expenses and more.

Very properly Farmers' Institutes are being held all over the state. Now let the legislature follow this up by doing something that will further benefit the farmers of the state.

GAME

The South Dakota Game and Fish Protection Association recently met in Sioux Falls and drafted a proposed new game law. The measure will undoubtedly be introduced. The committee has

adopted the 'Minnesota game and fish law as far as practicable. The Minnesota law is considered to be one of the very best game laws and it should be carefully investigated by each and every one of you.

It provides, among other things, for a residence license of \$1.00. I do not like such provision for two reasons. First, a farmer ought not to be required to pay a license for hunting on his own premises ; and secondly, if a law contained such a requirement it would prove a nullity in many instances.

It seems to me that it might be advisable to make the open season for the shooting of prairie chickens and of quail alternate for a few years.

BETTER ROADS

South Dakota needs better roads. A permanent and uniform plan should be adopted ; a supervisor of roads having the qualifications of an engineer should be appointed by the county commissioners for each county, the supervisor to have charge of all the highways in his county and have authority to let all road work by contract. All road taxes should be paid in cash. After the road work has been performed by a contractor, it should be inspected by the county supervisor and certified to the county commissioners for payment. Great care should be exercised in framing the bill to avoid increased taxes.

SALES AND WAREHOUSE RECEIPTS

Recently the Executive Department received a Draft of an Act to make uniform the Law of Sales and a Draft of an Act to make uniform the Law of Warehouse Receipts, endorsed and recommended by the Commission of Uniform State Laws. They relate to important subjects and are worthy of careful consideration.

I have delivered them to Hon. H. C. Shober, Lieutenant Governor and President of the Senate.

RATE OF INTEREST

Interest rates should be lowered. It is a bad advertisement and our laws ought not to permit a contract to be made making it lawful to charge 12 per cent interest. Bankers ought to lead in reducing the rate of interest.

OUR DIVORCE LAWS

On the invitation of Governor Pennypacker of Pennsylvania, I appointed the following named gentlemen, President Warren, Dean Sterling; Bishop Hare; Hon. A. W. Burt and Hon. G. W. Case delegates to the National Congress of Uniform Divorce Laws held in Washington during March 1906. President Warren ; Dean Sterling and Mr. Case attended the meeting of the congress held in Washington and a report of the proceedings will be found in our state library. President Warren and Bishop Hare attended the adjourned meeting.

All will admit that divorces are too easily obtained in South Dakota and the fact is before you.

ATTORNEY'S FEES

Attorneys should have reasonable compensation for their services. Paragraph 414 of Chapter 15 of the Code of Civil Procedure, Revised Codes of South Dakota 1903, is as follows:

"In all cases of foreclosure of chattel or real estate mortgages by advertisement and sale, if such foreclosure be made by an attorney at law who is a resident of this state and admitted to practice law in the courts of this state, there shall be allowed an attorney fee as follows: For foreclosing a chattel mortgage by advertisement and sale, five dollars and no more; for foreclosing a mortgage on real estate by advertisement and sale, ten dollars and no more."

This should be amended so as to allow the attorney foreclosing a mortgage a reasonable fee for his services.

TRANSPORTATION OF COAL AND GRAIN

September 27, 1906, the railroads operating in South Dakota gave public notice, as required by the Inter-State Commerce Law, of a contemplated reduction of approximately 20 per cent in the rates for hauling coal from all sources of supply for the different lines.

My advices are that not to exceed one dealer out of three has given the consumers, the people of this state, any part of this reduction. These dealers are licensed by this state and are therefore under your control and it is plainly your duty to come to the relief of the people in this important matter that reaches every home.

Further, it has come to me that warehouse men and grain dealers buy and ship our grain on unreasonably large margins. To illustrate : At a station in this state where the freight rate is seven cents per bushel, the margin that the dealers buy on by agreement, perhaps, is eighteen cents per bushel, leaving the dealer a clear profit of eleven cents on every bushel of grain he handles.

Such practices as these are outrageous and demand your attention. Warehouses being under your control, it is clear to me that you can by law correct such abuses.

IRRIGATION ENGINEER'S REPORT

The last legislature passed an Irrigation Code. It needs some minor modifications.

The report of State Engineer, Samuel H. Lea, who is especially well qualified for the duties of his office, is most interesting and I ask you to examine into it and to give his recommendations your careful attention.

ATTORNEY GENERAL

You ought by all means to submit to the people the question of increasing the Attorney General's salary. The experiences of the past two years urge me to recommend you to submit such an amendment to the people. This is a very important office and its duties are so far reaching that the Attorney General ought to be amply paid to the end that he could give his entire time to the duties of the office.

The Attorney General ought to live here at the capitol and be in his office regularly and daily to pass upon questions that are constantly arising in the different departments.

STATE TREASURER

The salary of the State Treasurer should also be increased and greater safe-guards should be thrown around the handling of the public funds.

The Treasurer should furnish a surety bond made by not less than four first class companies and the state should pay for the bond.

Provide for public depositories within the state. Make national and state banks public depositories when they have deposited with the State Auditor, county or gilt-edged municipal bonds, or school bonds and the amount of the deposit should not exceed ninety per cent of the bonds pledged, and the borrowing banks should be required to pay the state not less than two and one-half per cent interest on state deposits.

It is my judgment that it would be well to require all state, county-, township and municipal officers to furnish surety bonds.

FINANCIAL CONDITION OF THE STATE

State Treasurer Collins has by diligent and persistent work succeeded in inducing the holders of our outstanding bonds to surrender them and accept payment. Many of these bonds were not due until 1913. By paying them off the state saved in interest \$43,310.80 and to this may properly be added \$12,023.98 which remain in the bond interest fund, thus making the total net saving \$55,334.78.

Every citizen in the state extends to Mr. Collins the greeting, "Well done good and faithful servant." It is a great comfort to Mr. Collins and to all the people of the state to know that the bonded debt of the state is paid.

Your attention is called to the following letter:

"STATE OF SOUTH DAKOTA
TREASURY DEPARTMENT
Pierre

December 31, 1906.

Hon. S. H. Elrod, Governor,

Pierre, South Dakota.

Dear Sir:—In compliance with your request, I beg to advise you that the indebtedness of the State of South Dakota at the close of business on this day, according to the records of this office, is as follows:

Current Revenue Warrants, due February 10, 1907	\$250,000.00
Interest on above Warrants to date of maturity	5,937.50
Total	\$255,937.50
Cash on hand in General Fund available for the payment of above Warrants	255,430.99
	\$506.51
Registered General Fund Warrants outstanding	217,101.04
Net Indebtedness	\$211,607.55

Of the last above mentioned warrants, some have been called for payment but have not yet been presented. However, there will be sufficient funds collected before the Revenue Warrants become due on February 10th, next, to pay same and leave an overplus of a few thousand dollars that can be used for the payment of Registered General Fund Warrants.

Yours truly,

C. B. COLLINS,

State Treasurer.

By L. A. MUNSON, Deputy."

June 30, 1906, the uncollected taxes due the state were, \$487,-918.71, thus it is plain that the state is practically out of debt and on a cash basis.

December 31, 1906, the permanent school fund amounted to \$4,850,611.77, divided as follows

Loans	\$3,354,507.60
Deferred payments	1,495,506.28
Cash	597.89

Total \$4,850,611.77

If this legislature will be conservative and economical, the state will soon be entirely out of debt and, with prudent management, it will be unnecessary to levy a two mill tax on each dollar of the assessed valuation each alternate year for a deficiency fund.

With care it will not be long until all the revenues needed by the state will be provided without taxing real and personal property. There will then be but little for the State Board of Equalization to do and no injustice will arise because property in one county is assessed higher than in another.

DEPARTMENT REPORTS, ETC.

Reports from all the departments and institutions have been printed and are at your command. You will find them interesting and instructive, full and complete, containing many valuable suggestions.

That they have been managed with care and economy is evidenced by the fact that the unexpended balances July 1, 1906, were \$71,844.43. In these times of reported wrongdoing, South Dakota may take comfort in the fact that her public servants are faithful and true.

At this time and in this presence it is fitting and proper and I do thus publicly express my thanks to all officials for their faithful services.

CONCLUSION

In parting permit me to congratulate you and through you the good people you represent. The biennial period just closing has been the most prosperous and happy in the history of our state. The development of the state in all lines has never been equaled. Our people have never been so busy and so happy, so well fed and clothed and they have enjoyed that greatest blessing, good health, to a remarkable degree.

For two years I have guided the affairs and performed the many and varied duties devolving upon the chief executive of this splendid state with all my ability and with the same loving care that I surround my home and loved ones, and now I say farewell to you and to the people of the state, and may we all be truly thankful to the Allwise rather for His goodness to us.

January 8, 1907.

SAMUEL H. ELROD,

Governor.

APPENDIX

Pardons 1905-6.

"The Governor shall communicate to the legislature at each regular session each case of remission of fine, reprieve, commutation or pardon, granted by him in the cases in which he is authorized to act without the recommendation of the said Board of Pardons, stating the name of the convict," etc. Constitution, Art. IV, Par. 5.

FURBIE HOWARD. Sentenced June 4, 1904; county, Minnehaha; crime, rape; term, one year; pardoned, February 12, 1906.

July 29, 1904, he escaped from the penitentiary, later he returned to serve out his time. Pardon was granted for the reason that he was convicted on the evidence of a woman of the worst character. Howard was just past twenty-one years of age, of good family and good character. Having escaped from the penitentiary he could not be allowed for good time but it seemed to me that his having returned of his own accord was worthy of taking into consideration. To restore his citizenship a pardon was necessary.

A. J. AULT. Sentenced June 17, 1905; county, Gregory ; crime, manslaughter in the second degree; term two years; pardoned July 24, 1906.

Ten members of the jury joined in a petition asking for a full pardon. A lengthy petition was signed by many citizens of Gregory county. Judge E. G. Smith, who tried the case, recommended a pardon.

A. M. LAMPHERE. Sentenced July 1, 1904; county, Lyman ; crime, grand larceny; term, two years; pardoned August 6, 1906.

Many citizens of Lyman and Brule counties petitioned for a pardon for this man. He seems to have been a man of high character. Eight members of the jury petitioned for his pardon. They say in their petition "There was no evidence connecting said defendant directly with the commission of the alleged offense except

the fact that it was indisputable that the brand of Lamphere & Co. was placed upon the cow alleged to have been stolen or misbranded." The prosecuting witness wrote me as follows : "I heartily petition you to pardon A. A. Lamphere" and says he believes Lamphere has been sufficiently punished. Warden Parmley writes that Lamphere's behavior has been that of the very best and that he has never considered him in a common sense a criminal.

FRED POTTICARY. Sentenced May 12, 1906; county, Codington ; crime, grand larceny ; term, one year and four months ; paroled December 7, 1906.

Parole was granted on a recommendation as provided for in Article 3 of Chapter 144 of the Laws of South Dakota, 1905. In consideration of the recommendation provided for in said Article and being satisfied that permanent and suitable employment had been secured for said Potticary in said Codington county, I ordered Hon. H. T. Parmley, Warden, to temporarily release said Fred Potticary, said Potticary having served more than one half of the time for which he was sentenced, allowing time earned for good behavior.